

**THE BANKRUPTCY ESTATE OF KDC, INC., BY ITS TRUSTEE,
JAMES W. MCNEILLY, JR.,**

v.

**HARRY KRAKLOW, CYNTHIA KANDLER, DONALD JOHNSON,
JEFFREY COVELLI, KENNETH BANWART, DARREN
MASSNER, KIM MYERS, FIRST PRODUCTS, INC., COUNTRY
MAID, INC.**

**Expert Report of
Neil J. Beaton, CPA/ABV, CFA, ASA
February 23, 2007**

**GRANT THORNTON LLP
520 Pike Street, Suite 2800
Seattle, WA 98101**

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Attachments:

- Exhibit 1 – Curriculum Vita
- Exhibit 2 – Testimony List
- Exhibit 3 – Speeches and Publications
- Exhibit 4 – Documents Reviewed

QUALIFICATIONS

1. I, Neil J. Beaton, am the Partner in Charge of Valuation Services at Grant Thornton LLP, a full-service international public accounting and business advisory firm. I specialize in business valuations, mergers and acquisition support, litigation consulting and economic analysis. Prior to joining Grant Thornton LLP, I was a shareholder in Brueggeman and Johnson, P.C., an independent business valuation and economic consulting firm. I was previously employed by the Dun & Bradstreet Corporation, an international financial services conglomerate with interests in credit reporting, securities analysis and financial management.
2. I am a Certified Public Accountant and have achieved the designation of Accredited in Business Valuation ("ABV") as sponsored by the American Institute of Certified Public Accountants ("AICPA"). I also hold the Chartered Financial Analyst ("CFA") designation under the auspices of the CFA Institute ("CFAI"), and am an Accredited Senior Appraiser ("ASA") under the auspices of the American Society of Appraisers. I am a member of the AICPA, the Washington Society of CPAs ("WSCP"), the CFAI, and the Seattle Society of Financial Analysts ("SSFA"). I am a current member of the Financial Accounting Standards Board's ("FASB") Valuation Resource Group. A complete Curriculum Vita is attached as Exhibit 1, along with a testimony list covering the last four years as Exhibit 2, and a list of my speeches and publications in the last 10 years as Exhibit 3.
3. I have analyzed thousands of businesses during the course of my career, including both private and public entities, covering every major manufacturing, wholesaling, retailing and service industry. I am a frequent teacher and speaker on valuation and damage issues, both locally and nationally, for organizations including the WSCP, the AICPA, the American Society of Appraisers, and the SSFA.

ASSIGNMENT

4. I was asked to provide an opinion of value of KDC Foods, Inc. ("KDC" or the "Company") at or near May 18, 2004, the date that Stanley Popko was requested by Donald Johnson to tender his common stock interest in KDC back to the Company.

MATERIALS REVIEWED

5. When used hereinafter "we" and/or "our" means me and/or persons working under my supervision and control. This report was prepared to summarize the opinions we may express at deposition and/or trial of this matter. In forming our opinion, we have reviewed various depositions, correspondence, financial data, and operating and other information from KDC and First Products. In addition, we have performed independent research in support of our opinions. We reserve the right to update our opinions in the event we receive additional relevant information subsequent to the issuance of this report. A list of documents that we reviewed and considered is summarized in Exhibit 4.

SUMMARY OF OPINIONS

6. Based upon the materials reviewed and analyses performed, it is our opinion that KDC had a value as of May 18, 2004 and extending into the summer of 2004 ranging from \$1.00 to \$1.50 per share.

WORK PERFORMED, BASIS FOR OPINIONS AND OPINIONS

Background of Events

7. KDC was incorporated by Harry Kraklow, Ronald L. Dervetski, and Alan Clark on October 10, 1996, but did not become an active corporation until May 2001. The Company was based in Eau Claire, Wisconsin.

8. KDC was engaged in licensing patented or patent pending products to food manufacturers for manufacturing and distribution throughout the United States. The initial focus of the Company was to create shelf stable dough, mainly in the form of a sweet dough or cookie dough. The Company had also developed microwaveable dough that could be used as a part of a sandwich.
9. The Company had filed patents both in the U.S. and internationally on its waterless, shelf stable dough, first in 2001 and then in a revised patent in 2003. The patent is tied closely to the formula and process necessary to develop the product.
10. Patents for microwaveable bakery products were also filed in April 2003.
11. On March 18, 2003, KDC entered into a licensing agreement (Agreement) with Country Maid, Inc. ("Country Maid"). The Agreement allowed Country Maid to produce products developed by KDC in exchange for royalty payments based on quantities sold. The Agreement was amended on August 27, 2003, establishing a minimum five-year term with automatic one-year renewals. The licensing agreement was based on a specific formula for developing KDC's products and was protected under a Confidentiality Agreement.
12. On May 7, 2004, KDC revised the royalty portion of the Agreement with Country Maid with a fixed monthly payment of \$19,500 with the same \$0.06 per pound royalty payment due for each pound over 195,000 pounds as outlined in the previous Agreement.
13. It is our understanding that on May 18, 2004, Don Johnson notified Stanley Popko (employee and minority shareholder in KDC) that if he did not tender his common stock interest in KDC back to the Company at \$0.01 per share, that an Internal Revenue Service Form 1099 would be issued to Mr. Popko based on a valuation of \$1.00 per share. Mr. Popko refused to return his stock and a Form 1099 was issued in the amount of \$531,568.80 even though his basis was significantly lower than that.
14. On July 1, 2004, Harry Kraklow, the then president of KDC, accepted stock subscription agreements from Donald Johnson for 500,000 shares, Kim Myers for 250,000 shares and

Cynthia Kandler for 250,000 shares of common stock at a price of \$0.01 per share. This acceptance came without board approval or notice to the existing stockholders.

15. On July 7, 2004, the previously mentioned common stock set forth in the subscription agreements were issued to the foregoing individuals at \$0.01 per share.
16. On July 14, 2004, a bank note in the amount of \$121,963.15 issued by Citizens State Bank of Cadott to KDC matured. Up until that date, KDC had been paying interest only on the note and upon an offer of renewal, Mr. Johnson and Mr. Kraklow, acting on behalf of KDC, proposed a renewal for a term of three years fully amortized. It is alleged that this decision intentionally stretched KDC's cash flow to make it appear insolvent.
17. It is our understanding that sometime during the summer of 2004, Hormel Foods and Duncan Hines expressed interest in KDC's products. This interest was not disclosed to all of KDC's stockholders and it is alleged that after shipping product samples in September 2004, any further contact with these two companies was delayed until after KDC's assets could be converted to First Products, Inc., an entity created by Donald Johnson and Jeff Covelli. At that point, neither KDC's board members nor the shareholders knew that Mr. Johnson had created or began working on behalf of a new entity, as he was still on KDC payroll.
18. On September 7, 2004, KDC's board of directors wrote a letter to its shareholders stating that large operating expenses, long-term liabilities, and pending legal costs required additional financing by either existing shareholders or a financial institution.
19. On September 10, 2004, Ken Banwart and Darren Massner, both representatives of Country Maid, responded to the September 7th letter with a letter to KDC requesting the termination of the licensing agreement. The representatives of Country Maid claimed that KDC was heading for bankruptcy even though KDC had not filed for bankruptcy at that time.
20. After September 10, 2004, KDC continued to supply Country Maid with the products pursuant to their licensing agreement. However, instead of Country Maid paying KDC the agreed upon

amounts, Country Maid remitted its payments to First Products, Inc. pursuant to a contract between Country Maid and First Products with an effective date of September 1, 2004.

21. The revenue from Country Maid was vital to the financial health of KDC. Without the revenue from its licensing agreement with Country Maid, KDC would become insolvent.
22. On December 21, 2004, KDC filed a petition for reorganization pursuant to Chapter 11 of the United States bankruptcy code.

Outline of KDC Valuation

23. Given KDC's status as an early stage Company primarily engaged in product development, historical financial performance is not directly relevant to the valuation process. Similarly, KDC's financial position as set forth on its balance sheet is also not relevant, as intangible assets derived from product development are not typically captured by standard accounting rules. A more appropriate and relevant valuation exercise is to look at the Company's future prospects for revenue and cash flow generation based on its intellectual property and business plan.
24. Donald Johnson created a "Working Business Plan" for KDC sometime during 2004 (the Business Plan was not dated). Contained with the Business Plan are two income statement forecasts for the years 2004 through 2008. The difference between the two financial forecasts is that one presents Mr. Johnson's expectation of how the Company would perform if the requested funds are received while the other presents the Company's financial prospects assuming the funds are not received. As a test of reasonableness, we analyzed the latter forecast (assuming no funds are received) to determine what the per share value of KDC might be utilizing a discounted cash flow analysis. Even using a very conservative discount rate applied to Mr. Johnson's expected future cash flows, the per share value of KDC was well in excess of the values indicated by actual transactions and a stock offering as more fully described in the following paragraphs.

25. Often, early stage companies like KDC fund their initial product development through the issuance of common stock to private investors. Such sales provide an overall indication of a company's value for a period of time depending on the rapidity with which the company's technology is changing or developing. In addition to sales of a company's own shares, other indications of value can sometimes be obtained by researching prices paid for shares in companies operating in a similar industry or similar stage of development.
26. Country Maid and KDC entered into a Subscription Agreement on September 1, 2003. Under the agreement, Country Maid agreed to purchase 150,000 shares of KDC stock for a total of \$150,000, or \$1.00 per share. An initial payment of \$37,500 was made with quarterly payments of \$18,750 due beginning March 1, 2004 and continuing for 6 quarters. Ken Banwart, on behalf of Country Maid, assigned the purchase rights of Country Maid's obligation under the Subscription Agreement to employees of Country Maid. These employees then had the right and obligation, acting as individuals, to purchase KDC stock at \$1.00 per share.
27. In a letter from Ken Banwart to Charter Bank dated April 13, 2004, Mr. Banwart stated that Country Maid was committed to purchase 150,000 shares of KDC stock at \$1.00 per share with full payoff being done by June 2005. In a separate letter also dated April 13, 2004, Mr. Banwart stated that he was personally committed to purchase 93,000 shares of KDC stock at \$1.00 per share.
28. Based on our review of the Subscription Agreement and its supporting documents, KDC received \$56,250 from Country Maid as of September 1, 2003 and \$36,375 in quarterly payments on or before March 1, 2004. The purchase of KDC shares continued through the summer of 2004 at \$1.00 per share.
29. Upon receiving the previously mentioned September 7th letter, Ken Banwart, as an individual and as CEO of Country Maid, and each of the individual employees of Country Maid that had been assigned shares under the Subscription Agreement wrote a letter to KDC indicating that

they would no longer buy shares of KDC stock based on the contents of the September 7, 2004 letter. No shares were purchase by Country Maid after September 7, 2004.

30. Separately, a number of individual investors entered into Subscription Agreements to purchase KDC common stock, all at \$1.00 per share. Donald Lanou entered into a Subscription Agreement on October 7, 2003, to purchase 15,000 shares of KDC common stock. John Popko entered into a Subscription Agreement on November 21, 2003, to purchase 30,000 shares of KDC common stock. Jeff Covelli entered into a Subscription Agreement on January 1, 2004, to purchase 5,000 shares of KDC common stock.
31. During the period from late September to early October 2004, Ken Banwart purchased 14,625 shares of First Products stock at \$0.281 per share on behalf of those same employees that were able to purchase shares under the Subscription Agreement with KDC.
32. Thomas J. Vanyo, the Compliance Officer for Van Clemens & Co. ("Van Clemens"), an investment securities firm, wrote a letter to Donald Johnson on July 21, 2004 with a proposal to raise \$1,000,000 for KDC. This letter was followed by a private placement financing proposal dated December 6, 2004 to raise a minimum of \$1.5 million and a maximum offering of \$2.25 million. Per the offering, KDC's stock was to be sold for \$1.50 per share.
33. It is our understanding that Van Clemens never fulfilled its financing proposal with KDC, but instead subsequently entered into an Agency Agreement with First Products on April 29, 2005, whereby they intended to raise the same \$1.5 million to \$2.25 million through an offering of common stock at \$1.50 per share.
34. As part of the Private Placement Memorandum (PPM) with Van Clemens, First Products submitted a business plan that is virtually identical to the business plan put together by KDC in 2004. In fact, KDC is mentioned as a division of First Products and all reference to product development relates to KDC's experience, developed innovative techniques, and pending patents.

35. In the PPM, products to be sold or licensed by First Products included “shelf stable dough” and “microwaveable dough”, the same products developed by KDC. While we understand that First Products purchased the assets of KDC in bankruptcy in early 2005, the products that were being marketed by First Products, especially in the course of raising capital through the PPM during 2005, were substantially identical to those developed by KDC.
36. Page 17 of the PPM has a statement that says if the “minimum” offering is met, \$310,000 of the \$1,260,000 net proceeds will go to research and development and product development. If the maximum offering is met, \$380,000 will go to research and development. It is our understanding that approximately \$1 million had already been spent on research and development by KDC prior to its bankruptcy filing. Therefore, a substantial portion of the product development had already taken place under KDC before First Products began to raise money.
37. Based on discussions with Rick Wanke, it is our understanding that were it not for the actions of the Defendants in this case, KDC could have remained solvent under the licensing agreement with Country Maid and undergone its own round of financing with Van Clemens at \$1.50 per share.
38. In any event, the value per share at or around the time Mr. Popko was told to tender his shares back to the Company, the market value of those shares was \$1.00 as shown in by actual investments made at \$1.00 per share and described in the Subscription Agreement.

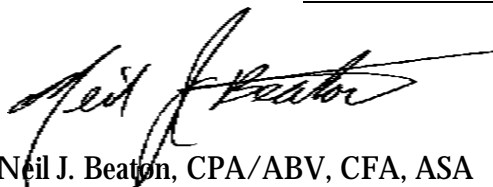
CONCLUSIONS

39. Based on the facts and assumptions set forth in the foregoing paragraphs, it is my opinion that the value of a share of KDC stock ranged from \$1.00 per share to \$1.50 per share during late spring to early summer of 2004, based on actual sales of KDC’s common stock as well as private placement memorandum that was developed in or around that time frame.

FEES

40. I bill \$425 per hour for professional services in this matter while staff billing rates range from \$100 per hour to \$350 per hour.

SIGNATURE

A handwritten signature in black ink, appearing to read "Neil J. Beaton", written over a horizontal line.

Neil J. Beaton, CPA/ABV, CFA, ASA
Dated February 23, 2007

CURRICULUM VITAE

NEIL J. BEATON, CPA/ABV, CFA, ASA

PROFESSIONAL EMPHASIS

Partner in Charge of Grant Thornton LLP's Valuation Services Group, specializing in the valuation of businesses, business interests and intangible assets for purposes of financial reporting, incentive stock options, litigation support (marriage dissolutions, lost profits claims), mergers and acquisitions, buy-sell agreements, and estate planning and taxation. Also performs economic analysis for personal injury claims and wrongful death actions.

PROFESSIONAL QUALIFICATIONS AND ASSOCIATIONS

Certified Public Accountant: Washington, 1990

Accredited in Business Valuation: 1998

American Institute of CPAs and Washington Society of CPAs

Member of the FASB Valuation Resource Group

Former Committee Member of AICPA Business Valuation Subcommittee

Former Member of the AICPA Valuation of Private Equity Securities Task Force

Former Chair of the AICPA FAS 141/142 Task Force

Former Member of the AICPA National Accreditation Commission for Business Valuation

Lecturer for AICPA-sponsored business valuation courses

Chartered Financial Analyst, 1992

Designation requires three-year program, testing competency in: equity security analysis, fixed income security analysis, portfolio management, financial accounting, economics and quantitative methods.

Past President and Trustee of Seattle Society of Financial Analysts

Member of the CFA Institute

Accredited Senior Appraiser, 1994

American Society of Appraisers

EDUCATION

Master of Business Administration, Finance, National University, 1983

Bachelor of Arts Degree, Economics, Stanford University, 1980

Specific coursework covering the financial analysis of banks and insurance companies

American Society of Appraisers: Business Valuation Courses - Levels I-IV

Numerous continuing education classes in the areas of accounting, taxation and business valuation

PROFESSIONAL EXPERIENCE

Grant Thornton LLP (2003-present)

Brueggeman and Johnson, P.C. and predecessor entity (1989-2002)

Dun & Bradstreet Corporation. National Business Analyst (1981-1989) — Responsible for analyzing large, publicly traded corporations and assisting in large-scale credit decisions. Specialized in banking, insurance and financial services industries.

TESTIMONY SUMMARY**NEIL J. BEATON, CPA/ABV, CFA, ASA****DEPOSITION TESTIMONY**

Date	Case Name	Type of Business	Jurisdiction
1/03	Simmons v. Simmons	Money Manager	Spokane County
1/03	Randal v. Spelman	Electronic Tech	King County
2/03	Metropolitan Condo Owners	Condo Association	King County
2/03	Leighton v. Jeld Wen	Attorney	King County
3/03	ODTI v. Outland	Pump Tech.	US Dist.-Seattle
3/03	SAD Properties	Wholesale plumbing	King County
3/03	Earthlite v. MHP	Massage table mfg.	US District - CA
3/03	Peter Norton	Software Utilities	Superior Court - CA
4/03	RMB	Real estate developer	King County
5/03	Larsen v. Larsen	Chemical Mfg.	Whatcom County
5/03	GSG Corporation v. Fred Steiner	Casino	King County
5/03	Turner Construction	Carpenter	King County
6/03	Ken Humes	Crane Operator	King County
9/03	Lakeside at Leschi	Real estate management	King County
10/03	Hardage v. Viacom et al.	Real estate management	US District - WA
10/03	Dagasto v. Fred Hutchinson	Various	US District- WA
10/03	VersusLaw v. Elvins	Legal Content	King County
10/03	Optimer Intl. v. Bellevue LLC	Retail furniture	King County
11/03	River Park Square Bond	Parking garage	US District - Eastern WA
11/03	Osei v. Aeroground, Inc.	Material Handler	US District -Western WA
12/03	Pierce	Real estate developer	King County
12/03	Spur Products	Software developer	Ada County, Idaho
1/04	Taylor v. Firesafe	General contractor	King County
1/04	Rennebohm v. Rennebohm	Car Dealership	King County
1/04	John Manry	Real Estate Agent	US District - CA
3/04	Locke v. City of Seattle	Micro Brewery	King County
3/04	Kagle v. Kagle	Venture Capital	Santa Clara County
6/04	Thola v. Mahan et al.	Chiropractor	Pierce County
7/04	Reece v. Safeco	Construction worker	Whatcom County
7/04	Loevner v. ISN, et al.	eCommerce	San Mateo County
9/04	Wells Fargo et al. v. UBS PW Real Estate	Real Estate	Dallas County, TX
9/04	Minter v. Ford Motor Co.	Aircraft parts	Houston County, TX
10/04	Nikki Sixx v. Vans	Publicity rights	Los Angeles
10/04	Access Services	Construction	King County

TESTIMONY SUMMARY**NEIL J. BEATON, CPA/ABV, CFA, ASA**

11/04	American Residential Funding, Inc. v. Bourne, et al.	Mortgage banking/brokerage	Orange County
11/04	Clinical Research Advantage, Inc. v. Edmonds Family Medicine Clinic, et al.	Medical research	Snohomish County
12/04	Gesoff et al. v. IIC Industries, Inc. et al.	Diverse Companies	Delaware Chancery
1/05	Matteucci v. Atwood Mobile Products, et al.	Educator	King County
1/05	Lafjord v. Marine Harvest, et al.	Frozen Food Packaging	King County
2/05	Votivo v. Archipelago	Candle manufacturer	King County
2/05	Sharbono v. Universal Insurance	Auto repair	Pierce County
4/05	River Park Square Bond	Parking garage	US District - Eastern WA
4/05	Graham v. City of Tacoma	Educator	Pierce County
4/05	Thola v. Mahan and Henschell	Chiropractor	King County
4/05	Smith v. Preston Gates & Ellis	Legal Malpractice	King County
5/05	Maid O'Clover v. Shell/Chevron	Lost Profits	US District – Benton Cnty
5/05	TE Construction v. Residential Invt Partners	Construction	AAA Arbitration
6/05	Ozark Airlines v. Valley Oil Company	Airline	Boone County, MO Superior Court
7/05	Papapostolou v. ATL Ultrasound, Inc.	Medical Equip. Dist.	AAA Intl. Arb. Tribunal
9/05	Neves v. Pinnacle Realty	Real Estate	King County
10/05	Putman v. George Joseph	Fruit Company	Benton County
10/05	2 nd Street LLC v. Mastro et al.	Real Estate Dev.	King County
10/05	Harbor Enterprises v. Newport Petroleum	Petroleum Trans. Co.	King County
1/06	Kochman v. New Piper et. al	Investment Banking	Santa Clara County, CA
2/06	Corliss v. Lakeside Industries	Aggregate Mfg.	King County
4/06	Duff v. McGraw Hill	Education materials	King County
5/06	Network Commerce, Inc. v. CVI	Internet Commerce	King County
6/06	Chiron Corp. v. Corus Pharma et al.	BioPharmaceuticals	King County
6/06	American Tire Distributors v. Blackbeard	Retail Auto Parts	Santa Clara County
6/06	Media Network, Inc. v. Mullen Advertising	Advertising	Mecklenberg County, NC
7/06	Ballard v. Enumclaw Hospital	ER Doctor	King County
9/06	Bridgeport Holdings, et al. v. CDW Corp.	Retail Computers	Delaware State Court
10/06	Sound Infiniti, Inc. et al. v. Snyder, et al.	Auto Dealerships	Pierce County
12/06	Ashford Park II v. Ryklif Ventures, et al.	Apartments	King County
1/07	Sammy Enterprises v. OpenWorks, Inc.	Building Maintenance	King County
1/07	Shea, Kristin v. AllState Insurance Company	Medical Office	King County
1/07	Loral v. Rainbow DBS and Cablevision	Cable Services	New York County
2/07	Gabel, Richard v. O'Brien, Michael	Office Leasing	King County

TESTIMONY SUMMARY**NEIL J. BEATON, CPA/ABV, CFA, ASA****ARBITRATION/MEDIATION TESTIMONY**

Date	Case Name	Type of Business	Jurisdiction
2/03	Li et al. v M&F Investments	Real Estate Dev.	King County
5/03	GSG Corporation v. Fred Steiner	Casino	King County
9/03	Gould v. Safeco	Contractor	King County
9/03	Zieve v. Zieve	Aircraft parts mfr.	King County
12/03	Kagle v. Kagle	Venture Capital	Santa Clara County
4/04	Diemond v. State Farm	Mortgage Originator	King County
7/04	Reece v. Safeco	Construction worker	Whatcom County
12/04	Loevner v. ISN et al.	Internet Shopping	AAA, Tampa
12/04	Larry North Fitness v. Roney Palace Resort LLC, et al.	Fitness Club	Florida
6/05	TE Construction v. Residential Investment Partners	Construction	Snohomish County
7/05	GE/Bechtel/Enron v. The Government of India	Power Plant	UN Arbtr. Commissi
8/05	Papapostolou v. ATL Ultrasound, Inc.	Medical Equip. Dist.	AAA Intl. Arb. Tribu
8/05	Burkholz v. Safeco Insurance	Drapery Services	AAA Arbitration
9/05	2 nd Street LLC v. Mastro et al.	Real Estate Dev.	King County
1/06	Reuland v. Reuland	Electric Co.	King County
1/06	Gesoff et al. v. IIC Industries, Inc. et al.	Diverse Companies	Delaware Chancery
9/06	Hodgson v. Hodgson	Construction	King County
9/06	Carlberg v. Pennylegion, et al.	Shrimp Harvesting	AAA Arbitration
1/07	Sammy Enterprise v. Openworks, Inc.	Building Maintenance	King County

TESTIMONY SUMMARY**NEIL J. BEATON, CPA/ABV, CFA, ASA****COURT TESTIMONY**

Date	Case Name	Type of Business	Jurisdiction
3/03	Randal v. Spelman	Electronic Tech	King County
3/03	Chritton v. Chritton	HVAC contractor	Skagit County
3/03	Metropolitan Condo Owners	Condo Association	King County
4/03	Peter Norton	Software Utilities	Los Angeles County, CA
9/03	Humes v. Fritz Cos. et al.	Excavator	King County
10/03	Larsen v. Larsen	Chemical Mfg.	Whatcom County
11/03	Benge v. Western Coating	Rebar coating	U.S. District - Oregon
11/03	Sisson v. Sisson	Imports	King County
1/04	Pierce v. Hecker Feilberg	Real estate developer	King County
3/04	Wright et al. v. Fred Hutch	Various occupations	King County
6/04	Heath v. Zolotoi	Fisherman	U.S. District - Seattle
6/04	Kevin Locke v. City of Seattle	Brewery	King County
9/04	Taylor v. Taylor	Stock options	King County
2/05	Nikki Sixx v. Vans	Publicity rights	Los Angeles
4/05	Sharbono v. Universal Insurance	Auto repair	Pierce County
5/05	Kuhns v. Kuhns	General Contractor	King County
5/05	Thola v. Mahan and Henschell	Chiropractic Clinic	King County
5/05	Gesoff, et al. v. IIC Industries, Inc., et al.	Diverse Companies	Delaware Chancery
6/05	Bramlett v. Alvin Heckard Pacific Coatings	Car Rental Agency	King County
6/05	Graham v. City of Tacoma	Educator	Pierce County
8/05	Overbey v. Overbey	Insurance Brokerage	King County
8/05	Ozark Airlines v. Valley Oil Company	Airline	Boone County, MO Superior Court
10/05	Maid O'Clover v. Chevron	Gasoline Service Stations	U.S. District - Benton Cnty
2/06	Nadein v. Turner, Unimak, and Dorsey	Russian Fishing Vessel	Kitsap County
2/06	Evans v. City of Tacoma	City Employee	Pierce County
7/06	Del Nagro v. Del Nagro	Masonry Contractor	Skagit County

PUBLICATIONS**NEIL J. BEATON, CPA/ABV, CFA, ASA**

<i>VENUE</i>	<i>SPONSOR</i>	<i>DATE</i>	<i>SUBJECT</i>
BVWire Issue #46-2	BV Resources	July 2006	<i>Early Stage Company Valuations</i>
The First Ever AIPCA/ASA National Business Valuation Conference	AICPA/ASA	Nov 2005	<i>Current Trends in Early Stage Company Valuations</i>
Look Before You License	WSBA I.P., WSBA Business Law	Sep 2005	<i>Valuation of Licenses and other Intellectual Property Rights</i>
AICPA National Business Valuation Conference	AICPA	Nov 2004	<i>Mergers & Acquisition</i>
AICPA Practice Aid	AICPA	May 2004	<i>Valuation of Private Equity Securities</i>
<i>Journal of Accountancy</i>		Dec 2003	"The ABV Credential: Leading the Way"
National Advanced Accounting & Auditing Technical Symposium	AICPA	July 2003	<i>FAS 141/142: Implications for Auditors and Valuation Specialists</i>
<i>Family Advocate</i> - ABA Family Law Section	American Bar Association	Winter 2002	The Valuation of Early Stage Companies
AICPA/PDI	AICPA CPE Course	July 2002	<i>Exploring Issues in Valuing Stock Options and Other Intangibles</i>
National Conference on Divorce	AICPA/American Academy of Matrimonial Lawyers	May 2002	<i>Early-Stage Company Valuation</i>
<i>Puget Sound Business Journal</i>	American City Business Journals Inc.	Mar 2001	"Pre-IPO Valuations Many Factors, Not all Scientific, Determine Firm's Worth"
<i>The Journal of Business Valuation</i>	Canadian Institute of Certified Business Valuators	May 1999	"Valuation of Celebrity Goodwill"

EXHIBIT 4

<u>Document Description</u>	<u>Bates</u>
E-mail from Harry Kraklow to Ron Dervetski	816
Letter from KDC Board of Directors requesting additional financing from shareholders	817
Letter from Don Johnson to James Flory re Popko 1099	867
Restructure and new capital plan	987
Letter from Ken Banwart to Charter Bank stating Country Maid's commitment to purchase KDC shares at \$1.00	1341
Letter from Ken Banwart to Charter Bank stating his commitment to purchase KDC shares at \$1.00	1342
Unsigned investor letter	1423
Business Card Stmt- Apr04	2388
Acct Balance- Apr04	2389
Letter from Harry to Jeff Covelli re stock offering discussed July 1, 2004	2863
misc. e-mail from Dan Tenebaum	3679
Jun04-Loan Detail & Amortization	4161
Letter from Don Johnson to Flory	4215
KDC Investors	5038
2004 Budget	5039
Exhibit A - General Bill of Sale	5755
Letter from Van Clements- financing outline	6310
Investor Letter, Donald Lanou stock subscription - purchase of 15,000 shares (copies of checks)	1006-1014
Investor Letter, Stan Popko stock subscription - purchase of 30,000 shares (copies of check)	1015-1028
Investor Letter, Cavelli stock subscription - purchase of 5,000 shares (copies of check)	1051-1054
Shareholder meeting overview Oct 4, 2004	1081-1092
List of KDC shares purchased in Sept 2004 with cancelled checks	1096-1104
Promissary note and subscription agreement- Country Maid \$18,750	1118-1124
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